

CITY OF TIGARD, OREGON  
TIGARD CITY COUNCIL  
RESOLUTION NO. 07-20

A RESOLUTION AUTHORIZING AMENDMENT NO. 1 TO THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF TIGARD AND THE CITY OF LAKE OSWEGO FOR JOINT FUNDING OF A WATER SUPPLY SYSTEM PLAN

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WHEREAS, to explore the feasibility of a possible water partnership, the Cities of Tigard and Lake Oswego entered into an intergovernmental agreement to jointly fund a Water Supply System Plan in March, 2006; and

WHEREAS, Carollo Engineers, P.C. was retained as the consultant to provide engineering services for the Joint Water Supply System Plan; and

WHEREAS, the Cities of Tigard and Lake Oswego have determined the need for additional services and, pursuant to that need, an amended Scope of Work (Exhibit 1, to the Water Supply Plan Joint Funding Agreement Amendment No. 1) has been developed; and

WHEREAS, the Cities of Tigard and Lake Oswego mutually agree with the amended Scope of Work and fees as proposed by the consultant for this additional work; and

WHEREAS, the Cities of Tigard and Lake Oswego have agreed to share the cost of any additional services.

NOW, THEREFORE, BE IT RESOLVED by the Tigard City Council that:

SECTION 1: Amendment No. 1 to the Water Supply Plan Joint Funding Agreement (Exhibit A) is approved.

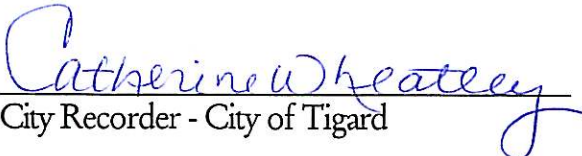
SECTION 2: The City of Tigard's proportionate share of the additional services contained in Amendment No. 1 is \$62,619.

SECTION 3: This resolution is effective immediately upon passage.

PASSED: This 10<sup>th</sup> day of April 2007.

  
\_\_\_\_\_  
Mayor City of Tigard

ATTEST:

  
\_\_\_\_\_  
City Recorder - City of Tigard

**Water Supply Plan Joint Funding Agreement  
Amendment No. 1**

WHEREAS, on March 6, 2006 the City of Lake Oswego, a municipal corporation of the State of Oregon and the City of Tigard, a municipal corporation of the State of Oregon, hereinafter collectively referred to as "the parties" by and through their respective charters entered into an intergovernmental agreement (the Agreement) to jointly fund a water supply system plan; and

WHEREAS, pursuant to a competitive selection process, Lake Oswego retained Carollo Engineers, P.C. (the Consultant) to perform an engineering study for a joint water supply system plan according to a Scope of Work mutually agreed to by the parties; and

WHEREAS, the parties mutually agreed to share equally the costs of the Consultant for the approved Scope of Work; and

WHEREAS, the Agreement provides that modifications to the approved Scope of Work may be made at any time with the mutual consent of the parties; and

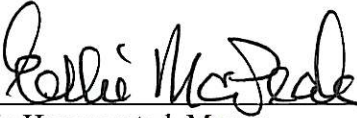
WHEREAS, pursuant to Section 2, paragraph 2 of the Agreement Lake Oswego and Tigard mutually agree to modify the Consultants Scope of Work to include additional services; and

WHEREAS, pursuant to Section 2, paragraph 3 of the Agreement Lake Oswego and Tigard mutually agree to share the costs for these additional services.

**NOW, THEREFORE**, the City of Lake Oswego and the City of Tigard agree that the Intergovernmental Agreement for Joint Funding of a Water Supply System Plan for the City of Lake Oswego and the City of Tigard, approved by Tigard on February 28, 2006, and approved by lake Oswego on March 6, 2006, is hereby amended as follows:

1. The "Amendment 1 Scope of Work" in the form attached as Exhibit 1 is added to the Scope of Work.
2. The parties shall share the costs of the "Amendment 1 Scope of Work" in the following proportions: Lake Oswego \$63,531 and Tigard \$62,619.
3. Except as specifically amended herein, the provisions of the original Intergovernmental Agreement for Joint Funding of a Water Supply System Plan for the City of Lake Oswego and the City of Tigard shall remain in full force and effect.

For City of Lake Oswego



~~Judie Hammerstad, Mayor~~

Ellie McPeak, Council President

Lake Oswego has acted in this matter pursuant to Resolution No. 07-10 adopted by the City Council on the 20<sup>th</sup> day of February, 2007

For City of Tigard

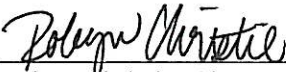


~~Craig Dirksen, Mayor~~

Craig Dirksen

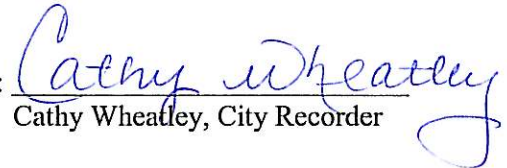
Tigard has acted in this matter pursuant to a Motion adopted by its City Council on the 10<sup>th</sup> day of April, 2007

ATTEST

By: 

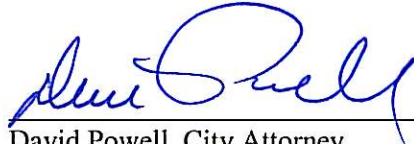
Robyn Christie, City Recorder

ATTEST

By: 

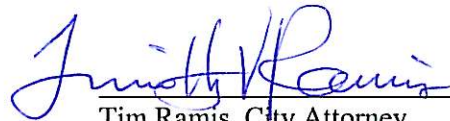
Cathy Wheatley, City Recorder

APPROVED AS TO FORM



David Powell, City Attorney

APPROVED AS TO FORM



Tim Ramis, City Attorney



## **BACKGROUND**

The Cities of Lake Oswego and Tigard (the Cities) have initiated a comprehensive study to develop and evaluate options for the possible formation of a joint water supply system to serve both cities. In May 2006, Lake Oswego entered into a consulting services agreement with Carollo Engineers, P.C. (Carollo) to complete this project.

Since that time, many of the initial project goals have been accomplished including identifying projected water supply demands, development of conceptual alternatives for water supply improvements, identification of regulatory constraints, development of a strategic communications plan, and evaluation of governance options. Based on the work completed to date, the Cities have identified additional services and modifications to the original scope of work to better respond to the issues, concerns and opportunities that have been identified.

Details of the proposed amended scope of each task are presented in the following section. The budget and schedule for these activities are attached.

## **TASK 1 – EVALUATE WATER SUPPLY SYSTEMS**

The following additional work has been requested as part of this task:

### **A1.1.1. Modifications to Lake Oswego Population and Demand Forecasts**

Lake Oswego has requested additional modifications to the population and demand forecasts developed by Carollo to achieve improved consistency between the Joint Water Supply System Analysis and Lake Oswego's draft Water Management and Conservation Plan (WMCP). This task includes additional revisions to initial population and demand forecasts, development of a summary of proposed forecasting methodologies, coordination with the draft WMCP, meeting with the City and the City's WMCP consultant, and revisions to Technical Memorandum 1 based on additional revisions to the updated methodology.

#### **A1.1.2. Significance of Conservation on Supply Improvements**

The City's elected officials have expressed interest in making water conservation a key element of future supply planning and to build upon the conservation programs each city has developed. This task includes preparing a technical memorandum (TM) describing the relative significance of the three potential conservation strategies on the capacity, cost and implementation schedule of supply requirements, supply scenarios, and the associated capital improvements for the proposed water supply scenarios. A draft TM will be prepared for review by the Cities and will be finalized based on the Cities' review comments. Findings of the final TM will be incorporated into the project report.

It is assumed the Cities will identify potential conservation measures and assumed conservation targets for each conservation strategy.

### **TASK 2 – EVALUATE WATER SUPPLY FACILITY ALTERNATIVES**

The following additional work has been requested as part of this task:

#### **A1.2.1. Evaluation of Alternative Intake via South Fork Water Board**

Prepare a brief (one-page) memorandum describing the feasibility and costs of upgrading the existing South Fork Water Board (SFWB) intake and constructing a new transmission line to convey the water to the existing Lake Oswego intake. These improvements would be sized to supplement the capacity of the existing Lake Oswego intake, to provide a total combined intake capacity equal to Lake Oswego's existing senior and junior water rights on the Clackamas River. It is assumed that based on this limited analysis, this alternative will not be considered further in the remaining supply planning work.

#### **A1.2.2. Evaluation of Interim Supplies to Lake Oswego**

This task consists of evaluating two alternatives for interim supply to Lake Oswego to allow deferring of near-term supply improvements that would otherwise be necessary to serve the Lake Oswego. The first alternative consists of supply from Tigard using a connection to the existing Washington County Supply Line (WCSL) from Portland. The



second alternative consists of supply from the South Fork Water Board (SFWB) via an intertie with the City of West Linn. The evaluation of these two alternatives will include analysis of this alternative supply concept, identification of capital cost and capacity for two options (Option 1: use of existing pipeline capacity, and Option 2: development of a new transmission capacity). Capital and O&M costs for associated upgrades will be identified, and implications for timing of future supply improvements to implement the 24, 32 and 38 mgd water supply scenarios will be evaluated. A matrix will be prepared presenting a comparison of the alternatives based on various evaluation criteria (such as capacity, reliability, resource impacts, governance requirements, capital cost, operating cost, and consistency with long-term supply requirements). The evaluation will be summarized in a draft and final technical memorandum, with resulting finding incorporated into the project report.

It is assumed the City of Tigard will provide a recently-completed capacity analysis of the WCSL. It is further assumed that the City of West Linn and SFWB will assist in identifying the capacity of the existing intertie between West Linn and Lake Oswego, system improvements that may be required to increase intertie capacity, and aid in identifying costs for water purchases.

### **TASK 3 – EVALUATE REGULATORY, PERMITTING, AND WATER RIGHTS**

The following additional work has been requested as part of this task:

#### **A1.3.1. Water Rights Overview and Recap**

Prepare additional information summarizing existing water rights on the Clackamas River. This will include: 1) a summary of existing Oregon water law, including a synopsis of the processes and criteria for establishing and enforcing water right priorities, 2) a summary of the location, quantity and priority of existing water rights on the Clackamas River, 3) the existing and projected future water demands of water right holders on the Clackamas River, 4) maps identifying the location, capacity, current and future demands, and priorities of existing water rights on the Clackamas River, and 5) a review and summary of the conclusions of the existing Portland State University (PSU) hydraulic

model of the Clackamas River. This information will be provided as a presentation to be made as part of Joint City Council Workshop 2, which is scheduled to be conducted as part of the original scope of Task 5. Graphics associated with this task will be included in a revised draft of Tech Memo 3, and will be incorporated into the project report.

#### **TASK 4 – CONDUCT STRATEGIC OUTREACH & COMMUNICATIONS**

The following additional work has been requested as part of this task:

##### **A1.4.1 - Implementation of Public Outreach Plan**

This supplemental scope of services supports implementation of the Strategic Outreach and Communications Plan for the Joint Water Supply System Analysis. Initiation of this work requires separate authorization to proceed, which is anticipated to be issued following completion of the individual City Council meetings outlined in Task A1.5.1.

This work includes the following sub-tasks:

##### A1.4.1.1. - Information Materials & Tools

Materials and tools will be created that enable the Cities to identify and reach interested citizens, answer their questions, and invite their involvement. These tools may include:

- Fact sheet / updates (assumes one fact sheet / one update)
- Synopsis of technical issues / analysis
- Targeted communications for interested parties (assumes one mailing)
- Develop / maintain project mailing list
- Design portable displays
- Website

##### A1.4.1.2. - Public Meetings

Public meetings / open houses will be organized and facilitated. Assist in developing feedback forms and other materials that may be needed to capture public input.

- Organize / facilitate two public meetings / open houses in Lake Oswego and Tigard
- Develop meeting materials / feedback forms

- Summarize meeting results / public input for the project team and policymakers

#### A1.4.1.3. - Media Relations

Support Lake Oswego and Tigard Public Works department heads that have primary media outreach responsibility for the project. The support tasks are as follows:

- Support project spokesperson(s)
- Draft media releases
- Support media briefings (to be conducted by City staff)
- Monitor news coverage

#### A1.4.1.4. - Website(s)

Develop and post timely information on the Cities' websites.

- Provide website content, including such things as project overview, schedule, general project information, opportunities for public involvement, announcing meetings and events. Provide downloadable copies of technical studies, means for feedback, and offer ways for stakeholders to contact project team members.

#### A1.4.1.5. - Strategic Communications

Provide advice to the Cities of Lake Oswego and Tigard on strategic communications, including the following:

- Messaging
- Review project communiqués
- Advice to project team

#### A1.4.1.6. - Documentation

The results of strategic outreach and communications will be documented, and highlights shared with the project team and Lake Oswego and Tigard policymakers. This subtask includes one additional meeting with staff of the Cities and a presentation to a Joint City Council Meeting to provide a summary of public input obtained as part of this work.



It is assumed that up to two maps or similar graphics will be produced by the as part of this effort for use in presentations and public communications. It is further assumed that printing, distribution and web hosting will be providing by the Cities.

## **TASK 5 – CONDUCT STAFF AND JOINT CITY COUNCIL WORKSHOPS**

The following additional work has been requested as part of this task:

### **A1.5.1. Support for Additional Individual Council Meetings**

Provide support in the preparation and facilitation of individual meetings with the City Councils of the City of Tigard, the City of Lake Oswego, and the Intergovernmental Water Board. Develop presentations, meeting handouts, and meeting summaries for each council meeting, as needed. The results of the financial rate impact forecasts will be presented at one council meeting each for Lake Oswego, Tigard and the Intergovernmental Water Board. In addition, one project briefing will be held with the West Linn City Council.

### **A1.5.2. Support for Additional City Staff Workshop**

Provide support for one additional meeting of the Cities' staffs. Objectives of this additional meeting will include review and comment on water rights and conservation draft deliverables, review and comment on the additional supply alternatives, and preparation for the additional joint City Council meeting. Develop presentations, meeting handouts, and meeting summary , as required.

### **A1.5.3. Support for Additional Joint City Council Meeting**

Provide support in the preparation and facilitation of a third joint meeting of the City Councils of the City of Tigard and the City of Lake Oswego and the Intergovernmental Water Board. Develop presentations, meeting handouts, and meeting summaries for the meeting, as required.

## **TASK 6 – EVALUATE ORGANIZATIONAL & GOVERNANCE OPTIONS**

The following additional work has been requested as part of this task:

#### **A1.6.1. Development of Matrix of Governance Issues and Alternatives**

To further refine and clarify the governance issues and alternatives for the Cities, a matrix of the options will be developed. This matrix will identify topics and associated options for governance, asset ownership, system management, voting rights, system expansion, buy-out and terms of withdrawal, dispute resolution, capital buy-in, and addition of future partners. For each option, relative advantages and limitations will be identified. This task also includes one additional meeting with the City Attorneys from Lake Oswego and Tigard to review the matrix and identify the preferred alternatives.

### **TASK 7 – CONDUCT FINANCIAL EVALUATION**

The following additional work has been requested as part of this task:

#### **A1.7.1. Update and Integration of Tigard Water Supply Options**

The original project scope of work related to a financial and economic analysis focused on a cost comparison of various water supply options. To further support evaluation and decision-making, the City of Tigard wishes to compare these findings to the results of a separate analysis addressing other regional supply options. This scope of work provides task elements to update that separate analysis by applying a consistent set of assumptions, and to incorporate and document those findings in project documentation.

The work conducted for a regional consortium of water service providers benchmarked several supply scenarios for Tigard. This study has now revised demand forecasts and created additional alternate scenarios requiring multiple sources to meet Tigard's projected needs. This task will update analyses of regional supply costs as alternatives to, and supplements to, the Lake Oswego supply. Included in this effort are the following tasks:

- Update existing supply cost analyses based on a revised Tigard water demand forecast. Coordinate with the City of Tigard to validate revisions to assumptions.
- Develop additional supply cost analyses addressing demands in excess of supply available from Lake Oswego.

- Develop additional summary materials to address this broader perspective on supply costs for Tigard.
- Participate in one project review session specifically related to Tigard's broader supply cost issues.

#### **A1.7.2. Develop Rate Impact Forecasts**

The Cities of Lake Oswego and Tigard wish to evaluate potential rate impacts related to the proposed water supply scenarios. This scope of work provides task elements to develop updated rate forecasts by incorporating supply costs into a water utility rate forecast model. In each case, FCS Group has previously developed such a forecast model, which will be updated and used as a platform for the rate analysis.

In order to reasonably forecast rates, related water System Development Charges (SDCs) also need to be considered. Since this supply evaluation does not consider all system water investments and improvements, an "incremental" analysis is proposed. Under this scope of work, supply system capital costs for each scenario will be used to develop unit costs per gallon of demand. It will be assumed that SDC revenues will be consistent with that unit cost and annual demand growth. These revenues will be considered an offset against capital costs, including related debt service. The net remaining costs will be considered to be supported by rates, thus leading to a rate impact determination. It should be noted that this analysis will not result in a proposed revision to either City's water SDC, a work product that is more extensive in its content and one that would require further and more detailed analytical and process elements than proposed here.

This supplemental scope includes the following subtasks:

##### **A1.7.2.1. – Develop Lake Oswego Rate Impact Forecast**

This task will develop a current version of the City of Lake Oswego's water revenue requirements model based on current levels of revenues and expenses. The incremental capital and operating costs of each supply scenario will be incorporated into

the forecast to determine rate impacts. Four supply scenarios will be developed in this fashion. The scenarios include alternatives scenario 2 (stand alone), 3 (senior right), 4 (senior and junior right), and new scenario 5 (senior and junior right with interim Tigard supply of Portland water to Lake Oswego).

The City of Lake Oswego will provide necessary budget data, non-supply capital improvement plans, and operations and maintenance (O&M) cost breakdowns as requested to support the development of this analysis, based on a data request.

- Update the City's water rate forecast (revenue requirement) model with current budget and system planning information, including the Capital Improvement Plan (CIP). The operating and maintenance budget will be structured to segregate supply and treatment costs from other expenses, in order to introduce differential costs for each supply scenario.
- Develop a unit capital cost to project an estimated SDC revenue stream attributable to each of four supply scenarios.
- Develop a water rate forecast for each of the four supply scenarios (2-5). The forecast will portray total annual revenue requirements, projected annual percentage rate increases and total revenue requirements. Based on preliminary findings, rate smoothing features will be considered and incorporated as appropriate to mitigate major rate impacts.
- Document the rate forecast findings in the form of a technical memorandum, and develop appropriate summary materials to present comparative findings.

#### A1.7.2.2. – Develop Tigard Rate Impact Forecast

This task will apply a current version of the City of Tigard's water revenue requirements model based on current levels of revenues and expenses. The incremental capital and operating costs of each supply scenario will be incorporated into the forecast to determine rate impacts. Four supply scenarios will be developed in this fashion. The scenarios include alternatives scenario 2 (stand alone), 3 (senior right), 4 (senior and junior right), and new scenario 5 (senior and junior right with interim Tigard supply of Portland water to Lake Oswego).

The City of Tigard will provide necessary budget data, non-supply capital improvement plans, and O&M cost breakdowns as requested to support the development of this analysis.

- Update the City's water rate forecast (revenue requirement) model as needed with current budget and system planning information, including the CIP. As needed, the operating and maintenance budget will be refined to fully segregate supply and treatment costs from other expenses, in order to introduce differential costs for each supply scenario.
- Develop a unit capital cost to project an estimated SDC revenue stream attributable to each of four supply scenarios.
- Develop a water rate forecast for each of the four supply scenarios (2-5). The forecast will portray total annual revenue requirements, projected annual percentage rate increases and total revenue requirements. Based on preliminary findings, rate smoothing features will be considered and incorporated as appropriate to mitigate major rate impacts.
- Document the rate forecast findings in the form of a technical memorandum and develop appropriate summary materials to present comparative findings.

#### **TASK 8 – Prepare Final Report**

The following additional work has been requested as part of this task:

##### **A1.8.1. Expand Scope of Final Report**

The amended scope tasks, described above, will require a significant modification to the development of the Final Report. The additional white papers, technical memorandums, and meeting summaries describing the regulations, water rights, strategic outreach, financial evaluations, and additional Council meetings will be summarized and included in the Final Report of this Joint Water Supply System Analysis. A decision matrix will be generated to reflect a subjective evaluation of supply options against the values and principles and public input identified as part of Task 4.

**A1.8.2. Project Management and Administration of Amended Services**

The original completion date for the Joint Water Supply System Analysis was scheduled for December 2006. However, the scope amendments described above result in a delay of approximately four months, with a new final completion date scheduled for April 2007. This task includes associated project management and administration to meet the extended project deadline.





City of Lake Oswego and Tigard Water Service Area  
Joint Water Supply System Analysis  
Professional Services Fee & Rate Schedule

Updated Project Hours and Costs As Amended  
1/3/2007 (revised 3/9/07)

Task Number	Task Description	ORIGINAL BUDGET			AMENDMENT 1				TOTAL BUDGET AS AMENDED					
		Original Carollo Labor Budget	Original Subtotal Subconsultant Budget	Original Task Budget	Amendment 1 Carollo Labor Budget	Amendment 1 Subconsultant Budget	Reimbursables and Other Direct Charges	TOTAL Amendment 1 Task Budget	Lake Oswego Cost Share	Tigard Cost Share	Amended Total Carollo Labor Budget	Amended Total Subconsultant Budget	Amended Reimbursables and Other Direct Charges	Amended Total Task Budget
1	Evaluate Water Supply Systems (Facilities, Demands, Scenarios)	240 \$ 29,760	\$ 4,000	\$ 33,760	84 \$ 10,400	\$ -	\$ 50	\$ 10,450	\$ 8,273	\$ 2,177	\$ 40,160	\$ 4,000	\$ 50	\$ 44,210
2	Evaluate Facility Alternatives (Intake, Treatment, Transmission, Winding)	400 \$ 50,960	\$ -	\$ 50,960	75 \$ 9,842	\$ -	\$ -	\$ 9,842	\$ 5,244	\$ 4,598	\$ 60,802	\$ -	\$ -	\$ 60,802
3	Evaluate Regulatory, Permitting, and Water Rights	8 \$ 1,456	\$ 17,800	\$ 19,256	52 \$ 5,848	\$ -	\$ 100	\$ 5,948	\$ 2,974	\$ 2,974	\$ 7,304	\$ 17,800	\$ 100	\$ 25,204
4	Conduct Strategic Outreach and Communications	72 \$ 9,776	\$ 18,000	\$ 27,776	38 \$ 4,128	\$ 15,400	\$ 1,590	\$ 21,118	\$ 10,559	\$ 10,559	\$ 13,904	\$ 33,400	\$ 1,590	\$ 48,894
5	Conduct City Council and City Staff Workshops	140 \$ 18,320	\$ 7,480	\$ 25,800	86 \$ 12,584	\$ 10,000	\$ 1,150	\$ 23,734	\$ 11,867	\$ 11,867	\$ 30,904	\$ 17,480	\$ 1,150	\$ 49,534
6	Evaluate Organizational Structures and Governance Options	68 \$ 11,056	\$ 4,440	\$ 15,496	12 \$ 1,784	\$ 3,500	\$ 350	\$ 5,634	\$ 2,817	\$ 2,817	\$ 12,840	\$ 7,940	\$ 350	\$ 21,130
7	Conduct Financial Evaluation	8 \$ 1,456	\$ 26,400	\$ 27,856	24 \$ 3,312	\$ 32,120	\$ 3,212	\$ 38,644	\$ 16,407	\$ 22,237	\$ 4,768	\$ 58,520	\$ 3,212	\$ 66,500
8	Prepare Final Report	136 \$ 15,152	\$ 8,340	\$ 23,492	56 \$ 7,880	\$ 2,500	\$ 400	\$ 10,780	\$ 5,380	\$ 5,380	\$ 23,032	\$ 18,840	\$ 400	\$ 34,272
	Total	1072 \$ 137,936	\$ 86,460	\$ 224,396	427 \$ 55,776	\$ 63,520	\$ 6,852	\$ 126,150	\$ 63,531	\$ 62,619	\$ 183,714	\$ 148,980	\$ 6,852	\$ 350,546

TOTAL Consultant Budget

\$ 350,546